



FISCAL MEMORANDUM

SB 2128 - HB 2392

April 11, 2022

SUMMARY OF BILL AS AMENDED (017339): Defines “base tax revenues” under the Convention Center and Tourism Development Financing Act for the Graceland Tourist Development Zone (TDZ) and the downtown TDZ in Memphis as not including local sales or use taxes collected from dealers with no physical presence in the state.

FISCAL IMPACT OF BILL AS AMENDED:

Other Fiscal Impact – Due to multiple unknown variables, the precise shifts in local revenue from other general purposes to debt repayment of public use facilities cannot be quantified with reasonable certainty. In addition, the precise end date of any such reallocations cannot be determined at this time.

Assumptions:

- Pursuant to Tenn. Code Ann. § 7-88-106, if a municipality or public authority has financed, constructed, leased, equipped, renovated or acquired a qualified public use facility within a tourism development zone, then state and local sales and use taxes shall be apportioned and distributed to the municipality in an amount equal to the incremental increase in state and local sales and use tax revenue derived from the sale of goods, products and services within the tourism development zone in excess of base tax revenues.
- Currently, Tenn. Code Ann. § 7-88-103 defines base tax revenues as the revenues generated from the collection of state and local sales and use taxes from all businesses within the applicable tourism development zone as of the end of the fiscal year immediately prior to the year in which the municipality or public authority is entitled to receive an allocation of tax revenue, adjusted annually after the first year by a percentage equal to the percentage of change in the collection of state and local sales and use taxes derived from the sale of goods, products and services for the entire county in which the public use facility is located for the preceding fiscal year.
- Lowering the base tax revenues by excluding the local sales and use taxes collected from businesses with no physical presence in the state could result in shifts in local revenue by shifting funds from other general purposes to the public use facilities.
- Due to multiple unknown variables any such shift of local funding from being used for other general purposes to debt repayment cannot be quantified with reasonable certainty.

- Such allocations will cease to happen upon the occurrence of one of the outlined criteria. The precise timing of an end to these allocations is dependent on future years tax collection growth and cannot be reasonably determined.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink that reads "Krista Lee Carsner". The signature is written in a cursive, flowing style.

Krista Lee Carsner, Executive Director

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